



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 1, 1998

### **H.R. 1252** **Judicial Reform Act of 1997**

*As ordered reported by the House Committee on the Judiciary on March 24, 1998*

#### **SUMMARY**

H. R. 1252 would make numerous procedural and administrative changes to the federal court system. In addition, the bill would change the procedure for granting cost-of-living adjustments (COLAs) in pay for certain judges. Currently, such increases require Congressional action. Under H.R. 1252, the COLAs for Article III justices and judges would not require legislative approval.

CBO estimates that enacting H.R. 1252 would increase mandatory spending by \$121 million over the 1999-2003 period. Because H.R. 1252 would affect direct spending, pay-as-you-go procedures would apply. CBO estimates that implementing H.R. 1252 could affect discretionary spending, but we cannot predict such effects because they would depend on future Congressional action with regard to pay raises.

H.R. 1252 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and would have no significant impact on the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

As shown in the following table, CBO estimates that implementing H.R. 1252 would increase direct spending by \$7 million in 1999 and \$121 million over the 1999-2003 period to cover annual COLAs for Article III justices and judges. The costs of this legislation fall within budget function 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
<b>CHANGES IN DIRECT SPENDING</b>						
Cost-of-Living Adjustments for Judges						
Estimated Budget Authority	0	7	15	25	33	41
Estimated Outlays	0	7	15	25	33	41

## **BASIS OF ESTIMATE**

For purposes of this estimate, CBO assumes that H.R. 1252 would be enacted by October 1, 1998.

### **Direct Spending**

Section 9 would repeal a provision that bars annual COLAs for Article III justices and judges except as specifically authorized by the Congress. As a result, these judges would receive automatic annual cost-of-living adjustments. CBO estimates that the cost of these adjustments would be \$7 million in 1999 and \$121 million over the next five years. These payments would be made from the mandatory spending accounts that fund salaries for these judges. The estimate assumes pay raises of between 3 percent and 4 percent per year applied to salaries totaling about \$231 million in 1998.

Various other provisions of H.R. 2294 could affect direct spending by increasing the workload for judges, but CBO expects that any such effects would not be significant.

### **Spending Subject to Appropriation**

Section 9 also would enable agencies to provide Administrative Law Judges (ALJs) with annual COLAs by linking their COLAs to the General Schedule instead of to the Executive Schedule. Currently, ALJs only receive COLAs from appropriated funds when the Congress approves such increases for the Executive Schedule. In fiscal year 1998, the Congress approved COLAs for the Executive Schedule (and a total of about \$3 million was

appropriated for COLAs for ALJs). For the previous four years, however, ALJs did not receive COLAs.

CBO estimates that enacting H.R. 1252 could increase discretionary spending, but the amount of such increase would depend on future actions of the Congress regarding COLAs for the Executive Schedule. If, for one year or several years in the future, COLAs are not granted for Executive Schedule positions, but are provided for those on the General Schedule, H.R. 1252 would result in higher salary costs for ALJs. For each year in which there is a raise for one schedule and not the other, we estimate a difference of \$3 million to \$5 million in spending for that year and subsequent years, assuming appropriation of the necessary amounts.

Other sections of H.R. 1252 could affect spending subject to appropriation, but CBO expects that their budgetary effects would not be significant.

## **PAY-AS-YOU-GO CONSIDERATIONS**

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. The bill would affect direct spending by requiring COLAs for certain judges. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Changes in outlays	0	7	15	25	33	41	50	59	68	77	87
Changes in receipts	Not applicable										

## **INTERGOVERNMENTAL AND PRIVATE SECTOR IMPACT**

H.R. 1252 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and would have no significant impact on the budgets of state, local, or tribal governments.

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